

REVIEW AND EVALUATION
of
THE AFRICA PRIVATE ENTERPRISE FUND

By:

Robert Pratt and Ludwig Rudel

Prepared for:

The Office for Private Enterprise Development
Africa Bureau, (AFR/PRE)
Agency for International Development

Purchase Order AFR 0510-0-00-8007-00
dated December 24, 1987

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- 1 - List of Africa Private Enterprise Fund activities completed as of October 31, 1987 and included in this report.
- 2 - Africa Bureau Country Categories.
- 3 - List of Fund activities by country.
- 4 - Description of "SERVICES PROVIDED TO AFRICA BUREAU MISSIONS" BY AFR/PRE.
- 5 - Outline of "FACTORS TO BE CONSIDERED IN BUSINESS AND INVESTMENT CLIMATE ASSESSMENTS".
- 6 - Interview Summary Sheets of telephone survey of selected Africa Missions.

I - BACKGROUND AND METHODOLOGY

In 1983, the Africa Bureau, in response to AID policy directives, established certain mechanisms to increase the Bureau's program focus on promoting and utilizing the resources of the private sectors in Africa to contribute to achievement of the region's economic development goals. These mechanisms centered around the establishment of the Office of the Associate Assistant Administrator for Private Enterprise Development, headed by a senior executive drawn from the U.S. private sector, and staffed with personnel familiar with AID procedures and programs. The Office (AFR/PRE) was given a clear mandate to impact on Africa AID Mission programs.

The Bureau facilitated these efforts by making funds available to AFR/PRE to finance technical support activities in the field and in AID/W. Project 0438, The Africa Private Enterprise Fund, was approved in 1984 for a four year period, at a funding level of \$6.0 million. Its stated purpose was, "To work toward achieving development goals in African Countries by providing consulting services and other technical support to private enterprise through proposals developed by the Missions and AFR offices and funded by this project."

As of October 31, 1987, total obligations for this \$6,000,000 project were \$3,871,000 and expenditures were \$2,675,000. Fiscal activity by source of funding was as follows:

Development Assistance: \$2,853,000 obligated, \$2,347,000 expended;

Sahel Development Program: \$500,000 obligated, \$172,000 expended;

Southern Africa Regional (ESF): \$518,000 obligated, \$156,000 expended.

The difference between obligations and expenditures represents activities currently in progress, which the reviewers did not examine, and forward funding of contracts with two 8-A firms which will supply consulting services when requested to do so by AFR/PRE in FY 1988. In addition, Missions have "bought in" to activities implemented through the Fund in the amount of \$330,000. The completed activities covered by this review, account for approximately \$2,000,000 in disbursements.

Activities have been implemented in 24 countries. Several activities with Africa region wide impact have also been financed by the Fund. A "Private Sector Policy and Strategy" for the Africa Bureau was prepared and adopted.

The purpose of this review is to "...assess the progress of the...project (The Africa Private Enterprise Fund)...to assist the AFR Bureau in its ongoing decisionmaking regarding the direction of activities under the project." The reviewers have specifically been asked to consider whether the project has been sufficiently focussed and managed and whether the application of Project funds has provided results of practical use. This review is intended to assess the management efficiency of the services provided, the extent its services have generated Mission and/or host government attention for private enterprise development and evaluate the Fund's past and potential contribution to AFR Bureau and Mission strategic planning for private enterprise development.

The reviewers examined all reports of Fund-financed activities and "buy-ins" completed as of October 31, 1987 that were made available. (See attachment 1 for a listing of these activities.) While no international travel was undertaken, direct interviews, either in Washington or by telephone were held with personnel from 7 Missions (Madagascar, Mozambique, Botswana, Guinea-Bissau, Mauritania, Camerouns, Zimbabwe,) and also the Kenya and Ivory Coast REDSOs. These Missions account for 18 tasks (or more than 50% of the country specific and REDSO tasks) financed under the project. Extensive interviews were conducted with senior representatives of the two firms (International Science and Technology Institute and DIMPEX) contracted to implement the bulk of the Project activities. Additional interviews with some Africa Bureau professional staff who were familiar with the Project were also held to the extent time permitted.

II EXAMINATION OF PROJECT ACTIVITIES

A - THE PROJECT PLAN

Project 0438, The Africa Private Enterprise Fund called for the provision of long term and short term consultants to promote private enterprise development, especially policy reform, financial markets development, small and medium scale rural enterprises in agribusiness. It contemplated the provision of flexible support to Missions and REDSOs. It targeted the following project outputs over its four year life:

Feasibility Studies	-	30
National Advisory Reports	-	5
Privatization Proposals	-	6
Conference Action Proposals	-	6
Designs for Credit Agencies	-	5
Governments to be Assisted	-	15
Indigenous Organizations assisted	-	30
Africans trained (business mgrs/workers)	-	3000
Africans trained (overseas)	-	96

In essence, the Fund was to be used to support the Africa Bureau's promotional efforts to encourage and assist its Missions to employ and expand the resources of the private sector to achieve economic and social development goals. Activities financed by the Fund have been directed at the four priority areas specified in the Bureau's Private Sector Development Policy and Strategy. These were:

- Promotion of policy, regulatory and procedural reforms;
- Financial market development;
- Privatization;
- Market growth and development; (i.e. market information, agricultural markets, business services, investment promotion).

It became clear, as soon as operations began, that the most effective means to address these AID interests was to assist the Africa Missions to develop a Private Sector Strategy that would be individually tailored to their respective country conditions and their program goals and objectives.

B - PROJECT IMPLEMENTATION

1) Allocations from the Fund

Although the approved project paper for The Private Enterprise Fund called for activities to be focussed primarily on Category I and II countries, AFR/PRE did not require any specific Mission to draw upon the Fund, nor reject requests from Category III Missions. (See attachment 2 for a list of Africa Bureau countries, separated by these categories. Also see attachment 3 for a list of Fund activities by country.) Instead, it offered assistance to all Missions with assurances that Mission requests for funding would be rapidly and sympathetically considered. The availability of funding to Missions outside their OYB avoided the need for country concurrence and made it very attractive for Missions to draw upon AFR/PRE services.

Since adoption of the Africa Bureau Private Sector Policy and Strategy in early 1987, Category I and II Missions have been required to prepare, with assistance as needed from the Africa Private Enterprise Fund, their own private sector strategies as part of the CDSS process. This Bureau wide policy guidance seems to have stimulated a greater number of Mission requests for assistance from the Fund.

AFR/PRE has not imposed the Fund services on Missions and looks to each Mission to determine the level and intensity of their private sector programs. It does not set country priorities for Fund use and it continues to respond to Mission requests on an ad hoc basis. In short, it provided help to those Missions who wanted assistance.

2) Quick Response Mechanisms

The office established contractual relationships with two firms (ISTI and DIMPEX) to provide a fast response mechanism for Mission requests for assistance from the Fund. The Private Enterprise Office has authority to approve Mission requests for assistance from the Fund and was authorized to issue implementing task orders directly to either of the two contracted firms, without passing the task order through AID's Contracts Office. As a result it was able to place teams in the field within three weeks of receipt of Mission requests.

Contract #5007 was signed with DIMPEX on January 8, 1985 to provide technical support to USAIDs for investment development and promotion. DIMPEX would prepare scopes of work for nine teams to go to USAIDs for "...technical assistance and training in an array of investment promotion activities, including: business climate analysis; establishment of investment centers; sectoral, industry and feasibility studies; review and analysis of government regulations, procedures, laws, price controls, tax policies, etc. that inhibit business investment and formation; revision of investment codes; and investment promotion techniques (brochures, establishment of overseas trade offices, investment missions, etc.)" DIMPEX was also to prepare work scopes for local teams to screen business investment proposals and could be called on to prepare detailed outlines for pre-feasibility and feasibility studies.

On May 17, 1985 the DIMPEX contract was amended to expand its scope of work so that DIMPEX would also perform some of the team assignments. Subsequently the DIMPEX Investment Development Specialist was given the additional task of analyzing and evaluating the results of the studies being performed and to advise on the formulation of strategies and implementation plans for using the "Fund".

The ISTI contract, executed in mid-1985, had a similar scope of work and appears to have operated in parallel with DIMPEX.

Interviews with Mission personnel indicated satisfaction with both the AFR/PRE response to Mission requests, (several officers volunteered that AFR/PRE comments invariably improved the Missions' proposed scopes of work), as well as with the quality of the work performed by ISTI and DIMPEX consultants. With few exceptions, the preponderance of the product delivered was well regarded by the clients. In a few instances, the reports were

considered by the Missions to be too critical of local conditions and had to be edited. Not all activities financed by the Fund yielded positive results. In one instance, for example, (Business School Assessment), the proposed activity was found to be not feasible.

3) Services Offered

The types of services offered under the Fund varied greatly and are described more fully in Attachment 4 to this report. For purposes of this review the project activities examined have been divided into four categories:

- a) Investment Climate Assessments - As of October 31, 1987, 12 country investment climate assessments have been completed. In some instances the study teams were asked to supplement the standard assessment format with special examination of an area of interest to the Mission (a profile of the private sector in Mauritania; a write up of potential investment projects in support of a planned Cameroon trade and investment mission to the U.S.; etc)
- b) Feasibility and Technical Studies - As of October 31, 1987, 17 such studies have been completed, dealing with identification of investment opportunities; analysis of specific constraint areas for private sector growth in selected countries; testing opportunities for possible Mission interventions, (i.e. credit facilities, regional trade, operation of local Chambers of Commerce or other business associations).
- c) Feasibility Study Cost Sharing Program - to reimburse 50% of the cost of investment feasibility studies, up to \$50,000 each, paid for by private investors in the event the investment does not take place. Three such studies have been funded (Ghana, Togo, Ivory Coast).
- d) Other Field Support Activities - partial funding of private sector officers in REDSOs or Missions; partial funding of an IESC representative in Zimbabwe; training programs, seminars and workshops for Mission personnel on private sector development strategies; seminars to develop a dialogue between the private sector and local government officials;

Each of these categories of activities is discussed in detail below. In their aggregate the activities are designed to provide necessary inputs to allow Missions to think through and design a strategy for private sector growth. The following diagram, prepared by AFR/PRE, depicts the process by which Missions may design such strategies, and indicates the inputs which the Fund has provided.

INFORMATION BASE:

- regulatory, eco. & business envi- ronment;	investment climate survey	private sector profiling	key sector overviews (agric.)	finance banking & investment survey
- USAID/Donor environment;	USAID program review	USAID structure & staffing review	Donor program initiatives	

STRATEGY OPTIONS ANALYSIS:

Private sector strategy
options & alternatives

Recommended strategy

PROGRAM OPTIONS REVIEW: (management impl.)

Private sector
program options
review

Strategy & program
implications on
org. & staffing

PRIVATE SECTOR PROGRAM PORTFOLIO:

Existing program
portfolio with
major private
sector components

Private Sector
opportunities
in existing or
planned projects

New private
sector
initiatives

III - EVALUATION OF FUND ACTIVITIES

A - INVESTMENT CLIMATE ASSESSMENTS

A total of 12 Investment Climate Assessments have been completed to date (vs 5 National Advisory Reports targeted as output for the project). These assessments were done by DIMPEX for Gabon, Benin, Zaire and Swaziland, and by ISTI for Ghana, Madagascar, Cameroon, Guinea, Mauritania, Botswana, Guinea-Bissau, and Niger. All of these assessments followed the outline developed by AFR/PRE (see attachment 5) to the extent the study team was able to do so. Each assessment concludes with specific guidance and recommendations to the AID Mission, with regard to program options available to it to stimulate private sector growth. The intent was to provide Missions with strong arguments for policy reform.

Cost of these studies ranged from \$40,000 to \$120,000, although the more costly studies also included additional work requested by the Mission. For example, the Mauritania Mission asked that the team write up a profile of the composition and organization of the private sector in Mauritania. This helped the Mission to establish contacts with leaders of the private sector and subsequently sponsor a seminar through which a dialogue between government officials and the private sector was begun.

Most Mission personnel interviewed indicated that the climate assessments, in most instances, provided them with more current and specific information about policy constraints to private sector growth than was readily available to them, although some of the information was a rehash of data already known to them or to the Embassy Commercial Attache. Each assessment, however, tried to identify the most critical issues which had relevance for Mission program strategy and set forth the options available to the Mission in designing its upcoming program.

The dynamics of the process, however, in most cases were regarded by the client as being worth the effort. There seems to be general agreement that the study team's presence was catalytic in focussing attention on the relevant issues to private sector growth, and in building contacts for Mission personnel with private sector leaders. The Burkina-Faso Chamber of Commerce and the Mauritania Federation of Employers used the presence of the team and the content of the team's report to set forth the private sector's position on government policies with local government officials. Issuance of the reports provided "grist for the policy reform mill" and increased the level of sophistication in the local public debates on policy issues. The studies provided the

Missions with a point of entry to engage their government counterparts in policy dialogue on issues concerning private sector growth. On the other hand, the evaluators have found no evidence to date that any specific policy reforms have actually been instituted as a result of these Climate Assessments.

B - FEASIBILITY AND TECHNICAL STUDIES

Eighteen studies were completed during the period under review. Of these, seven dealt with financial market development, as follows:

Madagascar Investment Fund - ISTI task #4
Guinea Rural Credit - ISTI task #7
Rwanda Equity Participation Fund - ISTI task #9
Financial Markets Dev. policy paper - ISTI task #10
Zimbabwe Regional Trade Fund - ISTI task #16
S.Africa Insurance Company - ISTI task #19
Kenya Stock Exchange - A. Young (Ferris)

Several of these studies were performed under a sub-contract with Equator Bank of Connecticut. Our review of these reports reveals that the work was performed in a highly professional manner. In the three instances that we have been able to question the USAID clients, their response has been favorable. In Zimbabwe the study formed the basis of a Regional Trade Round Table attended by key bankers and finance officials of the countries involved in the project. To date no implementing mechanism has been established, however. The Madagascar Investment Fund report received widespread distribution, including the IBRD which used that study in its discussions with the Government. The recommendation for the use of counterpart funds to be channeled through the local banks to the private sector has been approved by the government and will require further follow up. But the IBRD is providing technical assistance to these banks as recommended in the report.

Three studies were performed in support of trade and investment missions to the U.S (Cameroon, Benin and Botswana). The assistance provided, developing well written and professionally analysed investment project profiles, enhanced the effectiveness of the missions to generate interest among U.S. businesses which were contacted. These activities were funded in response to requests by the Interagency Group for Private Sector Development in Africa, chaired by the Assistant Secretary of State for Africa. No information is available with respect to the results of these missions but Botswana has hired a U.S. consultant to follow up with the U.S. companies visited during the mission.

Four studies were performed to evaluate specific investment projects (Malawi Afram/Maltex; Mozambique Fertilizer; Madagascar Mars Rice; and Chad Vita Small Scale Enterprise project). An examination of the Mozambique Chamber of Commerce was also undertaken. These studies assisted the Missions in determining whether U.S. assistance would be appropriate or, in the case of the Vita project, whether it should be continued.

C _ FEASIBILITY STUDY COST SHARING PROGRAM

This program is almost identical to one of the components of the Trade Development Program of IDCA which operated until October 1987 but has now been suspended. Private U.S. companies who wish to explore the feasibility of investments in IDCs, request approval to undertake the study with half of the cost to be reimbursed to them by the Fund, up to \$50,000, once the study is completed. If the firm proceeds with the venture during the ensuing two year period, the firm must refund the payment to the Fund. In essence, the Fund pays only for deals that do not materialize. It is a powerful incentive to encourage U.S. firms to explore the feasibility of investments, (which will result in export of U.S. equipment) in IDCs. The only difference from the TDP program is the absence of a requirement to establish that the project will result in U.S. exports of at least 75 times the cost of the feasibility study cost. In addition, the focus of the AFR/PRE program is Africa-based companies whereas the TDP program focusses on U.S. firms.

The Fund has approved three studies under this program:

Ghana - Lobster and Fish Catching, Processing and Exporting
(\$50,000)

Togo - Cargo Handling; Lome Grain Storage and Bagging Terminal
(\$15,000)

Ivory Coast - Hybrid Corn, Sorghum Seed Production and Milling
(\$47,400)

To date, the Togo and Ivory Coast studies have been completed. Togo has started up while Ivory Coast is still seeking financing. these two projects are expected to lead to investments amounting to \$1 million and \$2 million respectively. The Fund contribution to these feasibility studies will therefore be largely repaid by the investors.

D - OTHER FIELD SUPPORT ACTIVITIES

AFR/PRE field support was focussed on training, sensitizing and orienting USAID field staff to opportunities to apply private sector resources to the economic development process. Training seminars were held in Abidjan and Nairobi for Mission staff, for which training materials, case studies and information packets were prepared by the AFR/PRE staff and a Fund contractor. Similar material used at annual Mission Directors Conferences were developed to demonstrate how to incorporate the local private sector into Mission programs, how to identify constraints to private sector growth and how to develop interventions to address these constraints. Mission reaction to these support activities has been very favorable. These conferences and seminars, supported by Fund contractors, appear to have broadened the horizons of the AID Mission staffs to pursue opportunities for useful private sector activities, even within sometimes hostile environments.

The Fund was also used to pay the cost (\$403,000) of the Regional Private Enterprise Advisor posted in Abidjan and the Private sector officer in Botswana. It also is contributing \$100,000 to the cost of the IESC office and its operation in Zimbabwe.

Most of the field operations were implemented through the DIMPEX and ISTI contracts. However a few activities financed by the Fund had other implementing agents. These were:

Capital Markets Strategy - Arthur Young provided the services of George Ferris, President of Ferris and Company, to examine the informal equity markets in Kenya and assess the need for a more formal stock exchange.

A privatization study in the Gambia by the Center for Privatization to examine the feasibility of privatizing a sawmill.

IV - REACTION TO FUND BY SELECTED AID MISSIONS

Attachment 6 to this report describes the interviews with the seven Missions and the two REDSOs. Some of the more significant reactions were:

There appears to be a consensus that AFR/PRE is very responsive to requests from Missions for support. Several Mission representatives commented that activity backstopping was thoughtful, prompt and not overbearing. They said that the quality of the consultants with first hand business experience, (Kelly, Lessard, de la Giroday, Laport, and those from the Equator Group) was excellent; scopes of work submitted by Missions were taken

seriously and were qualitatively enhanced by AFR/PRE; and that response time is far better than the norm for AID/W.

The private sector training programs, seminars and workshops held for field personnel were considered to be very informative and useful in sensitizing Mission personnel to the potential offered by the local private sector as a resource for the development effort. The seminars also acquainted them with interventions that seem to work.

Climate Assessments were said to be useful in developing contacts between Mission staff and local private sector representatives. Many of the activities generated ideas for Mission interventions that had not been considered previously. Wide distribution of the reports generated public discussion and interaction between the local private and government sectors. They also generated material for policy dialogue. In several cases the reports contributed to aid donor coordination. In one instance (Cameroon) the assessment was said to have led to discussions between President Reagan and the President of Cameroon on divestiture of parastatals.

Several Missions reported that the Climate Assessments encouraged the local private sector to organize in order to make effective representations to their government.

The availability of small amounts of funding outside the country OYB for specific activities of an experimental nature is very useful to Missions that do not have projects to accommodate these requirements. Most persons interviewed indicated that the Fund is catalytic and a useful tool in the project development process. Once a project of significant proportions is developed, the Mission can put it into its program. A major benefit of the Fund appears to be its flexibility to react quickly to an opportunity when Missions do not have project funds available.

On the other hand, some Missions were concerned that undertaking regionally funded private sector activities might generate local expectations for follow-on operational activities that Missions might not be able to deliver.

Missions are not always aware that a particular activity, which supported their program, was financed by or through the Fund. Senegal was such an example. Neither DIMPEX task # 10 (Agricultural Production Support Evaluation Plan), nor ISTI task # 14 (Follow Up to Assessment) were recognized or acknowledged by the Senegal Mission as having been executed there, when the evaluation team cabled the Mission. In another case REDSO Abidjan asked and received financing for an activity but did not learn until some time later, that the Fund had been used to finance it.

The REDSOs were particularly supportive of the newly developed Africa Bureau private sector strategy and believed it would help them in assisting their Missions. As might be expected, these regional offices would appreciate periodic reports of Fund utilization and plans for the future. One REDSO representative complained that there is inadequate information in the field about the Fund and how it operates. He said that it seemed to operate on an ad hoc basis without a carefully planned strategy for its utilization, and requested a greater role in the Fund's utilization. He also requested that more training seminars be held.

Missions also found the continuity of the AFR/PRE staff to be helpful to them in the light of normal field personnel assignment rotations. They expressed confidence in the quality control exercised by AFR/PRE in the work of the contract teams.

V - CONCLUSIONS AND RECOMMENDATIONS

The Fund was established as a tool for the Office of Associate Assistant Administrator for Private Enterprise Development to facilitate its work in increasing the Africa Bureau's program focus on promotion and utilization of the private sector to achieve economic development goals. We should thus consider:

- a) whether there has been such a refocussing of the Bureau's program;
- b) whether the use of the Fund materially contributed to that program shift;
- c) whether the Fund could have been more effectively employed to bring about that program shift (either at lower cost or for greater benefit);

Before we discuss our conclusions to these broad questions, let us examine the Project outputs, and its management, for the first three years of operation in relation to the outputs described in the 1984 project paper.

Project Outputs:

	EXPECTED	ACTUAL
Feasibility Studies	- 30	11
National Advisory Reports	- 5	12
Privatization Proposals	- 6	1
Conference Action Proposals	- 6	3
Designs for Credit Agencies	- 5	7
Governments to be Assisted	- 15	24
Indigenous Organizations assisted	- 30	3
Africans trained (business mgrs/workers)	- 3000	0
Africans trained (overseas)	- 96	0

Not surprisingly, there are some significant departures from the original plan.

1) A significantly greater number of National Advisory Reports (or Investment Climate Assessments) have been undertaken and more are in process. This report has been found to be a good opening gambit in advising the Missions of the realistic options available to them. It provides a large segment of the data needed by the Mission in formulating a private sector development strategy.

2) The support for privatization out of the Fund's resources has been less than anticipated, perhaps because of the availability of AID/PRE funding for this purpose. Requests from Africa Missions for such services have generally been channelled to AID/PRE.

3) Assistance to indigenous organizations has been far less than anticipated. Most likely, such assistance will tend to be a follow-on once a Mission has undertaken a private enterprise project. Such assistance is difficult to provide long distance from AID/W.

4) The training component of the project has focussed exclusively on support for training AID personnel. No direct training of Africans has been financed by the Fund, although we understand that some training, stimulated by these activities, was financed through broad regional training projects and Mission training projects.

5) The Feasibility Study Cost Sharing Program was not planned at the time of project approval.

Project Management:

1) The competence of the consultants, as reflected by the quality of the studies and reports submitted, and the assessment of their work with the Missions, was exceptionally high.

2) AFR/PRE has been exceptionally prompt in responding to Mission proposals. The authority given to that office to approve activities and to issue task orders to its contractors, without channeling them through AID's Contracts Office, has enhanced the effective management of the Fund.

3) The deliberate decision by AFR/PRE not to set and impose priorities upon the Missions, not to program the Fund allocations, but rather to be responsive to Mission requests on an ad hoc basis, was a sensible decision, given the circumstances. It appears to us that this approach was the fastest and most

constructive means to promote favorable Mission responses. One of the negative results from this approach, however, was the funding of activities in countries (Mauritania) that do not or will not have the resources to fund follow-on activities as OYB levels change.

The requirement for certain Missions to develop private sector country action plans as part of their CDSS, will assist in the future in focussing the application of Fund resources. However, the fund will continue to be catalytic in purpose, and is generally not to be used to pay for country specific operational programs. It will continue to make sense to utilize the Fund to respond to Mission proposals on an ad hoc basis.

4) It is not clear when Mission proposals should be funded by the AID/PRE Bureau under the PEDS project or the financial markets project, and when the proposals should be covered by the Africa Fund. During the life of the Project no Africa Mission has requested or been granted funding out of the AID/PRE PEDS project, even though PEDS has access to the same consultants as ISTI and DIMPEX. In view of the limited resources available to AID, it would be well to establish a system by which the several availabilities, controlled by different AID offices are drawn down to give maximum benefit to the Missions.

5) There is some merit to the fears of some Mission Directors that Fund financed activities will generate expectations for follow-on operational programs designed to strengthen the private sector, while funding for such programs will not be available. Surely, if the Fund is intended to identify opportunities for private sector development, there should be some funding mechanism to assure that follow-on activities can be included in Mission programs, if the exploratory work under the Fund so indicates. This is not necessarily the case. For example, the Botswana Mission is now attempting to obtain financing for a series of private sector activities by requesting the various sources of funding (AID/PRE, AFR/PRE, etc.) to pick up pieces of the total effort. There should be a better way to meet their requirements than to shop around.

VI - OVERALL ASSESSMENT

We can now address the larger questions raised at the beginning of this section.

A review of Africa country programs over the last three years will disclose that there has been some increase in emphasis on private sector activities in about 10 countries. Some of this refocus can be traced, in part, to utilization of the Fund (Botswana, Camerouns, Ghana,) but other factors were also at play.

The promotional nature of the AFR/PRE operation, its seminars and training programs for field personnel, its responsiveness to Mission requests, and its ability to finance small experimental or diagnostic efforts on short notice with little red tape, has made it possible for AFR/pre to implement its mandate. Where the ground was fertile the efforts took root.

But we must neither expect too much nor claim too much for this Project. The problems plaguing Africa's development are huge. Even if allowed to operate freely the local private sector is small and limited in resources. It is difficult to document and quantify the impact which the Fund has achieved during its short period of operation. If one were to attempt traditional cost-benefit analysis in evaluating this project against an alternative use of the same funds for, let us say, a capital infrastructure project, it would be difficult to make the case for this project.

And yet, we conclude that the project is soundly conceived well managed and should be continued. We believe a great deal of necessary groundwork has been laid, with the payoff therefrom not yet visible. The fact is, small decisions involving investment of resources and adoption of policies and procedures affecting the local private sector are being made, on a daily basis, in every African country. These small decisions, when taken in the aggregate, over a long period of time, make a profound impact on the total direction and philosophy of a country's development effort. By paying attention to these seemingly pedestrian and routine decisions and influencing them on a daily basis, Missions can have a profound impact on their client's long term direction of development. By ignoring this process, and vacating the area to chance or influence from those who do not subscribe to the view that the private sector should grow, we would not serve U.S. interests well.

Could the Fund have been utilized more effectively? With the benefit of hindsight, can we now suggest that a different approach to the one employed by AFR/PRE would have been more productive? Other than some minor management suggestions incorporated in the body of this report, no major departure from that which has been used to date suggests itself.

ATTACHMENT I

LIST OF AFRICA PRIVATE ENTERPRISE FUND ACTIVITIES
 COMPLETED AS OF OCTOBER 31, 1987 AND INCLUDED IN THIS REPORT
 ('*' indicates "buy-in")

ISTI	COST
Q 28 Ghana - Climate Assessment) 84,974
Q 28 Madagascar - Climate Assessment)
Q 34 Cameroon - Climate Assessment	43,947
T 1 Cameroon - Project profiles for Trade Mission	18,000
* T 2 Malawi - Afram/Maltex appraisal for AID/PRE	7,400
T 3 Mozambique - Chamber of Commerce	9,500
T 4 Madagascar - Equity Investment Fund	29,700
T 5 Guinea - Climate Assessment	32,300
* T 6 Mozambique - Fertilizer Plant Financing Package	11,800
* T 7 Guinea - Rural Credit	47,000
* T 8 Mauritania - Climate Assessment and Private Sector Profile	121,000
* T 9 Rwanda - Equity Participation Fund	34,800
T 11 Guinea-Bissau - Climate Assessment	12,600
T 12 Madagascar - Mars Rice	20,700
* T 13 Niger - Climate and Private Sector Assessment	42,000
T 14 Senegal - Follow up to Climate Assessment	1,000
* T 15 Botswana - Program Strategy Assessment	18,000
T 16 Zimbabwe - Export Revolving Fund (Regional Trade)	31,000
* T 18 Botswana - Private Sector Strategy	30,000
* T 19 S. Africa - Insurance Fund	17,100

DIMPEX

T 2 Botswana - Trade and Invest. Mission proj. Profiles	76,500
T 3 Gabon - Climate Assessment	62,300
T 4 Zaire - Climate Assessment	78,700
T 5 Benin - Climate Assessment	13,800
T 6 Cameroon - Short Term Follow Up Consultancy	8,000
T 7&8 REDSO Kenya and Ivory Coast	50,000
T 10 Senegal - Ag. Production Support Evaluation Plan	77,300
T 16 Regional - Business Schools Assessment	27,000
T 21 Swaziland - Climate Assessment	65,000
T 24 Chad - Vita Small Scale Enterprise Assessment	16,600

FEASIBILITY FUND

Ivory Coast - CIRES Maize Seed Study	47,400
Togo - Cargo Handling	15,000
Ghana - Fishing	50,000

OTHER TASKS

Kenya - Banking Adviser (McWhorter)	90,000
Kenya - Arthur Young, Capital Markets (Ferris)	10,000
Zimbabwe - IESC	100,000
REDSO/WA - Lessard	403,000
Kenya - KMAP	30,000
Zimbabwe - Manpower	35,000
- PRAGMA (Paterson)	64,000
Gambia - Sawmill, Center for Privatization (AID/PRE)	

MISC. COMPLETED TASKS IN SUPPORT OF AFR/PRE OPERATIONS (not reviewed for this report)	292,000
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ATTACHMENT II

AFRICA BUREAU COUNTRY CATEGORIES

Category I:

Countries with high political and strategic importance, severe debt problems and medium to high long term development potential.

KENYA
LIBERIA
SENEGAL
SOMALIA
SOUTH AFRICA
SUDAN
ZAIRE
ZAMBIA

Category II:

Countries characterized by size, (population over 7 million people), good potential for economic growth, commitment to sound and/or improved economic policies, and capability for managing serious debt or foreign exchange problems.

CAMEROON
GHANA
GUINEA
MADAGASCAR
MALAWI
MALI
MOZAMBIQUE
NIGER
RWANDA
TANZANIA
UGANDA
ZIMBABWE

Category III:

A residual category of countries, including small countries of political and strategic importance, countries of lower growth potential and lower interest to the U.S., and a few who verge on qualification for category II. A subset, listed in the second column, are countries where there is, or will be, no A.I.D. presence.

BOTSWANA
BURKINA
BURUNDI
CAPE VERDE
CHAD
ETHIOPIA
GAMBIA
IVORY COAST
LESOTHO
NIGERIA
SWAZILAND
TOGO

CENTRAL AFRICAN REPUBLIC
COMOROS
CONGO
DJIBOUTI
EQUATORIAL GUINEA
GUINEA-BISSAU
MAURITANIA
MAURITIUS
SAO TOME
SEYCHELLES
SIERRA LEONE

ATTACHMENT III

LIST OF FUND ACTIVITIES BY COUNTRY

CAMEROON	ISTI	W34	CLIMATE ASSESSMENT
	ISTI	1	PRE-FEASIBILITY
	ISTI	21	CLIMATE ASSESSMENT
	DIMPEX	6	PRE-FEASIBILITY
	DIMPEX	16	BUSINESS SCHOOL ASSESSMENT
MALAWI	ISTI	2	PRE-FEASIBILITY
MOZAMBIQUE	ISTI	3	PRE-FEASIBILITY
	ISTI	6	PRE-FEASIBILITY
MADAGASCAR	ISTI	W28	CLIMATE ASSESSMENT
	ISTI	4	PRE-FEASIBILITY
	ISTI	12	FEASIBILITY
GUINEA	ISTI	5	CLIMATE ASSESSMENT
	ISTI	7	FEASIBILITY
MAURITANIA	ISTI	8	CLIMATE ASSESSMENT
RWANDA	ISTI	9	FEASIBILITY
GUINEA BISSAU	ISTI	11	CLIMATE ASSESSMENT
NIGER	ISTI	13	CLIMATE ASSESSMENT
SENEGAL	ISTI	14	CLIMATE ASSESSMENT
	DIMPEX	10	PROJECT DESIGN
	DIMPEX	16	BUSINESS SCHOOL ASSESSMENT
BOTSWANA	ISTI	15	CLIMATE ASSESSMENT
	DIMPEX	2	PRE-FEASIBILITY
	ISTI	18	CLIMATE ASSESSMENT
ZIMBABWE	ISTI	16	EXPORT REVOLVING FUND
	ISTI	23	CLIMATE ASSESSMENT
SOUTH AFRICA	ISTI	19	PRE-FEASIBILITY
SOMALIA	ISTI	22	CLIMATE ASSESSMENT
KENYA	ISTI	24	EVALUATION
	DIMPEX	7	TRAINING
	A. YOUNG		STOCK MARKET STRATEGY

GABON	DIMPEX	3	CLIMATE ASSESSMENT
ZAIRE	DIMPEX	4	PRE-FEASIBILITY
BENIN	DIMPEX	5	CLIMATE ASSESSMENT
IVORY COAST	DIMPEX	7	TRAINING
	DIMPEX	8	ADVISORY SERVICES
	DIMPEX	16	BUSINESS SCHOOL ASSESSMENT
	DIMPEX	21	CLIMATE ASSESSMENT
SWAZILAND	DIMPEX	21	CLIMATE ASSESSMENT
BURKINA FASO	DIMPEX	23	TRAINING
	DIMPEX	25	PRICING POLICY
CHAD	DIMPEX	24	ADVISORY SERVICE
GHANA	ISTI	W28	CLIMATE ASSESSMENT
GAMBIA	CFP		PRIVATIZATION FEASIBILITY

SERVICES PROVIDED TO AFRICA BUREAU MISSIONSAFRICAN BUREAU PRIVATE ENTERPRISE OFFICE (AFR/PRE)
AND THE AFRICA PRIVATE ENTERPRISE FUND

The Africa Bureau Private Enterprise Office (AFR/PRE) was established in early 1984 to assist the Africa Bureau and AID Missions in Africa to investigate, analyze, develop and implement private sector strategies and actions.

TYPES OF SERVICES PROVIDED

The regional Private Enterprise Fund was approved in late 1984 to support all USAID Missions in Africa by providing short-term technical assistance consulting services of virtually all types including:

- Developing private sector strategies.
- Designing private enterprise components into various kinds of Mission projects - agriculture, health, education, family planning, and so on.
- Analyzing and profiling the capabilities of private and public sector enterprises and the informal, very small and micro enterprise sector.
- Reviewing reform needed in government policies and practices that inhibit private sector and overall economic development including: foreign exchange and price controls, marketing boards, investment codes, labor laws, inflated civil service rolls, import/export documentation, banking laws, credit availability, and so on.
- Establishing loan funds in local intermediate credit facilities with dollars or local currency funds. Subjects typically covered by consultants include credit, policy, banking organization and operation, portfolio analysis, business advisory programs, accounting procedures and lending criteria.
- Performing investment climate surveys and sectoral analyses, including opportunities and constraints in agriculture and agribusiness commercial, industrial banking, services and trading.
- Participating in funding feasibility studies to assist local and U.S. firms to evaluate the potential of starting or expanding local businesses often as joint venture possibilities with U.S. firms. Full details of the cost sharing program are given in the attached description of that program.
- Designing business and management training programs. This includes assessing business training needs, evaluating the effectiveness of business training programs, establishing training curricula and promoting academic outreach advisory services for small business development.

- Establishing and updating information on A.I.D. private sector programs, projects and activities worldwide and, as available, of results obtained.
- Reorganizations and training programs for business and trade associations, and Chambers of Commerce.

EXAMPLES OF SERVICES PROVIDED TO DATE

Since startup of operations in January 1985, the fund has responded rapidly to requests for many kinds of technical assistance (TA) support. To do so, AFR/PRE put in place two quick response consultant-support mechanisms through contracts with the 8(A) firms -- Dimpex Associates Inc. and International Science and Technology Institute, Inc. (ISTI) -- and, through ISTI, to Equator Bank Services as subcontractor for specialized banking services. Illustrative examples of consultant services that AFR/PRE has provided to Missions include:

- Investment Climate Assessments. Consulting teams assessed the investment climates in Cameroon, Madagascar, Zaire, Gabon, Ghana, Guinea, Benin, Mauritania and Botswana. The resulting reports are used by Missions in policy dialogue discussions to promote reform of policy/regulatory constraints to business activity, and by host governments and the Overseas Private Investment Corporation (OPIC) as working papers when preparing and conducting trade and investment missions.
- Business Venture Project Profiles. Consultants prepared potential joint venture business profiles to support trade and investment missions from Botswana, Cameroon and Benin to the U.S. and for OPIC investment missions to Cameroon and Zaire.
- Madagascar Local Currency Revolving Fund. An Equator bank team designed a small enterprise credit mechanism to utilize PL-480 counterpart funds for onlending to small and medium sized private Malagasy businesses.
- International Executive Service Corps (IESC) Harare Office. The PE fund fully funded operating costs for the first year operations of a new IESC office in Harare that became operational in early 1986.
- Lome Grain Storage and Bagging Terminal. The fund participated in financing a feasibility study that resulted in establishment of a private company bulk grain storage and transshipment facility at the port of Lome, Togo.

-- REDSO Abidjan and USAID/Kenya - Private Sector Officer (PSO) positions. AFR/PRE worked with REDSO to define the responsibilities of the PSO position in Abidjan and arranged full financing to support operations. The costs of a new PSO position in Nairobi has been shared equally in the first year by the AFR/PRE fund and the Kenya Mission.

-- Mozambique Chamber of Commerce. A U.S. Chamber of Commerce specialist studied Mozambique's Chamber of Commerce to design a technical assistance and training program.

-- Small-Scale Enterprise. AFR/PRE will fund a survey in 1987 to develop performance standards as guidance for Missions and AID/W in the design, monitoring and implementation of credit and business advisory services projects to promote small and micro scale enterprises in Africa.

-- Private Sector Seminars. Technical support will be given to the Mauritanian Mission in organizing a 1987 private sector seminar in which representatives from public and private sectors will explore follow-up actions identified in the Mauritania Investment Climate Assessment.

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INQUIRIES

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Harthon I. Munson, Director
Office of Private Enterprise (AFR/PRE)
Bureau for Africa
Room 4527A
Agency for International Development
Washington, D.C. 20523
Tel. (202) 647-7614

AID Missions and Offices in West Africa should also contact the Private Sector Officer, Arnold Lessard, at Abidjan/REDSO/WCA.

Feb. 1987

Business and Investment Climate

Governmental Factors

A. Political stability and risk

1. Domestic stability (likelihood that future political change will be orderly with fundamental business policies little changed?)
2. Regional stability (likelihood that country will avoid serious conflicts with neighboring countries and major trading partners?)

B. National development plans (Does a plan exist? Role of private enterprise and parastatals? Sectoral priorities? Based on free market forces or central control?)

C. Business formation and investment

1. Application procedures (Who must apply? Simplicity and clarity of procedures? Preferences or restrictions with respect to forms of business? Ownership? Business sector? Geographical location?)
2. Investment screening and approval mechanisms (Complex? Time consuming? Consistency with respect to ownership, foreign and local, and size and type of business?)
3. Are major changes anticipated? (e.g., New investment codes? New priorities? Likely impact on business growth?)

D. International remittances

1. Constraints on repatriation of capital? Repayment of debt? Remittance of profits?
2. Foreign exchange (Availability? How obtained? Single or multiple rates? How established?)
3. Constraints on payments of royalties, licensing fees etc.?

E. International trade restrictions

1. Imports (tariff levels? Quotas? Restrictions on payments and credits? Non-tariff barriers to free trade? Restrictions on importation of spare parts?)
2. Exports (limitations such as quotas, price controls, export licenses? Special incentives such as tax relief, foreign exchange credits, subsidies, etc.?)

F. International agreements

1. Trade agreements (GATT? Common markets? Bilaterals?)

2. Investment guarantees and insurance programs (With OPIC? With other countries?)

3. Patent and trademark protection (Member of WIPO?)

G. Taxes (Significant corporate, sales and personal taxes? Consistency in application? Tax incentives, concessions, and deferrals?)

H. Investment incentives and performance requirements

I. labor laws

(Wage levels and fringe benefits? Labor-management relations? Training programs? Limitations on use of foreign technicians and executives? Entry and residence requirements? Procedures, e.g., time to get visas? can labor force be reduced rapidly and on what terms?)

J. Government controls and interference

1. Barriers to entry by local entrepreneurs (e.g., legal? ethnic? monopolistic? resources?)

2. Extent of price and wage controls? Production controls? Profit limits?

3. Government role in purchasing and marketing materials and services?

4. Parastatals' roles by major sector, and special treatment?

5. Extent of foreign competition from imports? From expatriot investment presence? Special treatment?

K. Banking and credit policies and regulations

L. Availability and business advisory and promotional services (Technical advisory services? Economic, market and other information services? Investment and trade promotion programs?)

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Economic and Market Factors To Be Considered in
Business and Investment Climate Assessment

Task II: Economic and Market Factors

A. Economic and market stability and growth prospects

1. GDP? Per capita income? Inflation? External accounts (Balance of payments, external debt, international reserves?)
2. Population (Size? Distribution and characteristics? Percent in cash economy? Trends? Education levels adequate?)
3. Breadth of business base (Diversified economy and exports?)
4. Market potential in neighboring countries.

B. Production resources and services

1. Availability of basic materials and parts?
2. Infrastructure (adequacy and limitations of infrastructure such as road, rail and river transport; reliability of electricity and water supply)
3. Local credit and capital (Availability? Cost? Terms of credit? Source and availability of local equity capital? Constraints by type, size or ownership of business? Leveraging levels permitted?)
4. Business services, e.g., distribution and marketing channels; sub-contracting for maintenance, repairs and parts.
5. Availability of experienced, solid local entrepreneurs as potential partners
6. Management and technical resources (Adequacy and availability in terms of numbers and capabilities? Adequacy of local training facilities?)
7. Skilled work force (Availability? Training required? Availability of local training centers?)

8. Overall labor characteristics and quality (Turnover and absenteeism rates? Union strength and control, labor unrest level, etc.?)

9. Adequacy of fire and police services

10. Facilities for expatriates (Housing availability and medical facilities? Availability of basic food and household equipment?)

C. Principal sectors (Most promising sectors and industries for promotional focus? Strengths and weaknesses? Opportunities and risks? Government attitudes and priorities? Key sectors for A.I.D. in meeting national development goals of growth in GNP, jobs, food.)

D. Other considerations affecting business climate and investment opportunities

1. Corruption (Payoff situation and is it manageable?)

2. Sanctity of contracts

3. Other

February 6, 1985

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INTERVIEW SUMMARY SHEET

COUNTRY_GUINEA-BISSAU

DATE_December 1987

PRIORITY_III_____

NAME_G. Daniels

AFR/PRE ACTIVITY LIST:

ISTI 11 - CHAMBER OF COMMERCE

MISSION COMMENTS:

At the recommendation of the Mission, we interviewed Mr. G. Daniels, former AID Rep. who has rotated to AID/W.

Mission objectives: to help the local private sector organize itself to play a part in the economic development process

Was the task well defined? Yes. Needs assessment of private sector; diagnostic to identify problem areas.

Did team operate effectively? Yes.

How did Mission participate? AID Rep was out of the country when team arrived.

Any problems? Not with the work of the team. The team identified two separate factions in the private sector that were at odds with each other and gave guidance to the Mission how to deal with them.

Did report meet intended needs? The report was useful although the Mission had most of the information.

Did effort yield any by-products of value to USAID? Yes ..USAID training began to be directed toward both factions.

Was report submitted in timely manner? Yes.

What use was made of it? It was translated and distributed widely among local government officials and the other Aid donors (Portuguese; EEC; IBRD.)

What changes resulted from it? No tangible results as yet, but it provided "grist for the policy dialogue mill".

Current Mission private sector strategy/level of effort?
No follow on because of temporary lack of Mission leadership.

What are likely follow on activities for 1988? The government requested an AID/W officer to advise them on options for policy changes.

Probable sources of funds for follow on activities?
Mission funds are all mortgaged. Need this funding mechanism for follow on activities.

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INTERVIEW SUMMARY SHEET

COUNTRY_MAUROITANIA_____

DATE December 1987

PRIORITY___III_____

NAME_WILLIAM JONES___
NANCY HOOFF

AFR/PRE ACTIVITY LIST:

ISTI 8 - CLIMATE ASSESSMENT AND FOLLOW ON SEMINAR

MISSION COMMENTS:

Both persons interviewed had rotated back to AID/W but were interviewed at the recommendation of the Mission because none at the Mission was as familiar with the activity as these two officers.

The Mission was under pressure to take initiatives in the area of policy reform with respect to private sector growth. The offer of assistance from AFR/PRE via the Fund's contracting mechanism met the Mission's needs. OYB funds were used as a "buy-in". The exercise was intended to develop projects for private sector growth. The process was useful in providing the Mission with information on the private sector. It developed contacts in the private sector for the Mission and led to development of a mini-project. It gave support to the representations of the local Association of Employers and identified useful interventions for the Mission to implement.

The Mission also added a new component to its training project for commercial fishermen.

There was a good response to the report from the local business community but the effort resulted in raising expectations for things AID cannot deliver. There is a likelihood that USAID OYB will be severely curtailed or terminated in the near future.

AFR/PRE helped with the design of the scope of work in a constructive manner. Mission involvement in the entire effort was high and constructive. The follow on seminar was an excellent example of using the report as a means to heighten the sophistication of the public debate on policy issues.

INTERVIEW SUMMARY SHEET

COUNTRY_MADAGASCAR_____

DATE December 1987

PRIORITY__II_____

NAME_SAM REA_____

AFR/PRE ACTIVITY LIST:

ISTI W28 - CLIMATE ASSESSMENT

ISTI 4 - PREFEASIBILITY STUDY

ISTI 12 - FEASIBILITY STUDY

MISSION COMMENTS:

The Madagascar office was opened only three years ago. The Fund was useful in that it provided a mechanism for quick implementation of an activity. The consultants recommended that counterpart fund availabilities be channelled through the local banks to the private sector. This was picked up by the IBRD which has now extended technical assistance to these banks, linked to the counterpart funds.

The Mission is small and has no separate private sector project. Further follow on assistance will be required from the Equator Bank. If necessary, the Mission will pay for this follow on work out of OYB but the contracting mechanism of the Fund will be needed.

The report of the consultants received wide distribution. The government has agreed to utilize the counterpart funds as proposed by the consultants. IBRD has used the report in its discussions with the Government.

INTERVIEW SUMMARY SHEET

COUNTRY__CAMEROONS_____

DATE__December 1987

PRIORITY_____II_____

NAME_NORM OLSEN_____

AFR/PRE ACTIVITY LIST:

ISTI W34 - CLIMATE ASSESSMENT

ISTI 1 - PREFEASIBILITY STUDY

ISTI 21 - CLIMATE ASSESSMENT

DIMPEX 6 - PREFEASIBILITY STUDY

DIMPEX 16 - BUSINESS SCHOOL ASSESSMENT

Mission comment:

AFR/PRE has helped Mission personnel understand how they may intervene effectively in stimulating private enterprise growth. Mission received good advice about what worked and what did not work.

The Climate Assessment helped the Mission in its policy dialogue.

The quality of consultants was high and their business background (i.e. Lessard) made them very useful.

There is a need for a small scale response mechanism to be available to the Mission. The Fund serves that purpose when there is no major Mission project available to pursue opportunities.

Because of DVB restrictions, and the absence of a private sector project, there will continue to be a need for the Cameroons Mission to avail itself of the Fund in future years.

The work performed under the Fund provided material that led to discussions between the Presidents of Cameroons and the U.S. regarding divestiture of parastatals.

INTERVIEW SUMMARY SHEET

COUNTRY_BOTSWANA_____

DATE__December 1987

PRIORITY__III_____

NAME_WILL ELLIOT

AFR/PRE ACTIVITY LIST:

ISTI 15 - PRIVATE SECTOR ASSESSMENT

ISTI 18 - ASSESSMENT FOLLOW-ON

DIMPEX 2 - PRE FEASIBILITY STUDIES; INVESTMENT PROJECT PROFILES

COOPERS AND LYBRAND UPDATE OF INVESTMENT CLIMATE SURVEY
(COMMISSIONED BY USAID WITH FUND MONEYS)

MISSION COMMENTS:

Prior to the AFR/PRE efforts, the Mission believed there was little that could be done by them to encourage private sector growth in Botswana. The previous Mission Director was reluctant to build expectations among the private sector leaders that the Mission could assist them. The initial effort to assist the Botswana Trade and Investment Mission was an effort to accommodate the Embassy. The DIMPEX team helped to describe investment opportunities in a form that U.S. investors could respond to. This enhanced the effectiveness of the T&I mission and generated greater interest in the AID Mission for further activities.

The subsequent Investment Climate Survey identified areas where the Mission might be gainfully working and allowed the Mission to develop a private sector strategy as part of its OVB program. The Mission now has a priority list of activities it would like to pursue but needs funding over and above its OVB. It is seeking sources of funding from AID/PRE and AFR/PRE.

AFR/PRE was responsive to Mission requests and provided prompt and effective backstopping. AFR/PRE was supportive of Mission requests, offered good professional counsel but was not overbearing. The Fund was used primarily to pay for project design work.

The Mission has no private sector support project and will need to draw upon the Fund in future years.

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INTERVIEW SUMMARY SHEET

COUNTRY_MOZAMBIQUE_____

DATE_December 1987

PRIORITY_II_____

NAME_JULIO SHLATHAUER

AFR/PRE ACTIVITY LIST:

ISTI 3 - PREFEASIBILITY STUDY - CHAMBER OF COMMERCE

ISTI 6 - PREFEASIBILITY STUDY - FERTILIZER PLANT FINANCING
PACKAGE

MISSION COMMENTS:

The interviewee is the newly assigned Mission Director. In 1986 he is considering an investment climate assesment to get better information of the profile of the local private sector and how it is operating. The purpose of the Mission efforts would be to see how the local investment community (not the U.S. or other foreign investor) could be inspired to become more active. He sees little hope for inducing foreign private investment in mozambique at this time. He believes there is a perceptible change in government attitude to be more accomodating to the private sector and wants to be in position to assist them in preparing for policy shifts.

There is a possibility for utilization of counterpart funds now sterilized by the Central Bank. He will need assistance in examining the available options.

Earlier Fund efforts in Mozambique have helped the Mission establish some contacts with the local private sector but have not yielded specific results.

INTERVIEW SUMMARY SHEET

COUNTRY: ZIMBABWE

DATE December 1987

PRIORITY__II_____

NAME_LUCRETIA TAYLOR

AFR/PRE ACTIVITY LIST:

ISTI 16 - EXPORT REVOLVING FUND

ISTI 23 - CLIMATE ASSESSMENT

IESC OFFICE - 1985 AND 1986

MISSION COMMENTS:

A political decision to suspend the U.S. bilateral aid program to Zimbabwe was taken in 1986. The Mission is making no new commitments and is only running down the pipeline. Regionally funded activities (such as the IESC operation) are permitted to be continued.

The IESC program of 50 volunteer executives was evaluated by the Mission last year and was found to have had a positive effect on the local private sector.

The Export Revolving Fund study, financed by the Fund, led to a regional "round table" discussion among key bankers and finance officials of Southern African countries in which important issues were clarified in the hope of generating cooperation among these institutions.

The consultants provided by AFR/PRE were highly qualified and knowledgeable professionals who understood the local scene and worked very constructively.

In light of the normal rotation of Mission personnel, the continuity of effort by AFR/PRE is very helpful.

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INTERVIEW SUMMARY SHEET

COUNTRY__REDSO ABIDJAN AND NAIROBI

NAME: JOHN BABYLON
GORDON BARTOLIN

AFR/PRE ACTIVITY LIST:

DIMPEX 7 - TRAINING

DIMPEX 8 - ADVISORY SERVICES (LESSARD)

DIMPEX 16 - BUSINESS SCHOOL ASSESSMENT

A. YOUNG - STOCK MARKET STRATEGY (FERRIS)

MISCELLANEOUS ACTIVITIES PROPOSED BY REDSO AND FUNDED BY AFR/PRE
(McWhorter)

CIRES - FEASIBILITY STUDY

MISSION COMMENTS:

Both REDSOs commended the flexibility of the Fund to provide quick responses to serve Mission needs. Several small activities that neither the REDSO nor the Missions could handle were accommodated by the Fund. Often these experiments would prove successful and would then be financed by OYB. Those that performed poorly would be dropped.

The training programs for AID field personnel in private sector development were very successful, well managed and are yielding favorable results as these officers develop Mission funded private sector activities. These programs have resulted in more sophisticated Mission input in the preparation of the Africa Bureau Private Sector Strategy.

It would be helpful if REDSOs were kept better informed on the utilization of the Fund. Ideally, the REDSO would like to be allowed to program activities for its Missions out of the Fund.

SERVICES PROVIDED TO AFRICA BUREAU MISSIONS

AFRICAN BUREAU PRIVATE ENTERPRISE OFFICE (AFR/PRE) AND THE AFRICA PRIVATE ENTERPRISE FUND

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- 171

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